

Date of Issuance : February 5, 2019

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Resolution M-4838
Administrative Services Division
January 31, 2019

R E S O L U T I O N

Resolution M-4838. Adopts level of Public Utilities Commission Utilities Transportation Reimbursement Account User Fees, effective January 1, 2019.

SUMMARY

This resolution adopts Public Utilities Commission Transportation Reimbursement Account (PUCTRA), Fund 0461, user fees as follows:

<u>CLASS</u>	<u>FEE</u>
Passenger Vehicle Operators:	
Charter Party Carriers, including Transportation Network Companies and Passenger Stage Corporations	0.0000 (0%) of gross revenue plus \$10 quarterly fee or \$25 annual fee.
Vessel Operators:	
Common Carrier Vessel Operator	0.0033 of gross revenue plus minimum \$10 quarterly fee or \$25 annual fee
Railroad Corporations:	
Class I:	
Burlington Northern Santa Fe	\$2,981,217.40
Union Pacific	\$7,301,342.60
Class II and III (shortline)	0.27% of gross revenue, minimum of \$500 each.
Pipeline Corporations	0.00034 of gross revenue

BACKGROUND

The California Public Utilities Commission (CPUC or Commission) utilizes the Public Utilities Code as the basis for its methodology to annually assess user fees for transportation carriers, railroad corporations, and pipeline corporations.

Public Utilities Code Section 421:

421.

(a) The commission shall annually determine a fee to be paid by every passenger stage corporation, charter-party carrier of passengers, pipeline corporation, for-hire vessel operator, common carrier vessel operator, railroad corporation, and commercial air operator, and every other common carrier and related business subject to the jurisdiction of the commission, except as otherwise provided in Article 3 (commencing with Section 431) of this chapter and Chapter 6 (commencing with Section 5001) of Division 2.

(b) The annual fee shall be established to produce a total amount equal to the amount established in the authorized commission budget for the same year, including adjustments appropriated by the Legislature and an appropriate reserve, to regulate common carriers and related businesses, less the amount to be paid from special accounts or funds pursuant to Section 403, reimbursements, federal funds, other revenues, and unencumbered funds from the preceding year.

(c) Notwithstanding any other provision of law, the fees paid by railroad corporations shall be used for state-funded railroad investigation and enforcement activities of the commission, other than the rail safety activities funded by the Transportation Planning and Development Account pursuant to Section 99315. The railroad fees shall be set annually at a level that generates not less than the amount sufficient to fund activities pursuant to Sections 765.5, 916.2, and 7712.

(d) Expenditures of the detailed budget for the expenditure of railroad corporation fees submitted to the Legislature pursuant to Section 916.5 shall be limited to the following items:

(1) Expenditures for employees occupying, and actually performing service in, railroad-safety personnel positions that are directly involved in inspecting railroads and enforcing rail safety regulations. The commission shall expend the funds budgeted pursuant to this subdivision for the salaries, per diem, and travel expenses of employees specified in this paragraph, unless, by statute, the commission is specifically prohibited from expending all or part of those funds.

(2) Expenditures for employees occupying, and actually performing service in, clerical and support staff positions that are directly associated with railroad-safety inspections.

(3) Expenditures for legal personnel who actually pursue violations of rail safety regulations beyond the informal complaint level.

(4) Expenditures for the pro rata share of the commission's overhead costs while state personnel are actually occupying the positions and are performing the duties specified in paragraphs (1) to (3), inclusive.

(e) The Department of Finance shall notify the Joint Legislative Budget Committee, pursuant to Section 28.00 of the annual Budget Act, prior to authorizing any change in the Budget Act appropriation for railroad corporation fees that is larger than one hundred thousand dollars (\$100,000), or 10 percent of the amount budgeted, whichever is less.

(f) On or before January 1, 1994, the commission shall hire a minimum of four additional operating practices inspectors, exclusive of supervisory personnel, who are, or shall become by July 1, 1994, federally certified, for the purpose of enforcing compliance by railroads operating in this state with state and federal safety regulations.

(g) The commission, in performing its duties, shall limit the expenditure of funds for rail safety purposes to those railroad corporation fees collected pursuant to subdivision (d). In no event shall the commission fund railroad safety activities utilizing funds from other commission accounts unrelated to railroad safety.

DISCUSSION

Revenue and Expenditure Analysis

The Governor's Budget structures PUCTRA's authorized expenditures by Program and Element, as shown below in Table 1. Components, the most granular level of detail by utility class (passenger vehicle operators, common carrier vessel operators, pipeline corporations), are not displayed in the Governor's Budget but tracked internally by CPUC.

Table 1: Governor's budget structure, PUCTRA

Program	Subprogram	Subtask (Utility Class)
Regulation of Utilities (6690)	Transportation Licensing and Enforcement (6690046)	Passenger Vehicle Operators Common Carrier Vessel Operators Pipeline Corporations
	Freight Safety (6690055)	Railroad Corporations

In addition to the CPUC's budgeted expenditures from PUCTRA, the fund supports statewide fund assessments.

Table 2 shows PUCTRA's current level expenditures and 2019-20 estimated changes, distributed by Utility Class per Table 1. Estimated 2019-20 changes are subject to adjustment in the Governor's Budget and legislative budget processes.

For the sole purpose of providing a more economical, simple, and efficient method of collecting and accounting for fees required to be charged and deposited in PUCTRA, passenger vehicle and vessel operators who engage the services of subcarriers as prime carriers are responsible for the payment of the fees on the gross earnings of subcarriers. Such services of subcarriers by these prime carriers shall be evidenced by a written document. Fee statements submitted by a prime carrier shall indicate the name and gross earnings of each subcarrier in sufficient detail to enable the CPUC to cross-reference earnings and determine appropriate fee amounts among the respective carriers. Similarly, a fee statement submitted by a subcarrier shall indicate its gross earnings associated with each prime carrier.

The penalty imposed in Public Utilities Code Section 405 for default of the payment of the fee provided for in Public Utilities Code Section 421 shall remain fixed at 25% of the amount of the fee.

Table 2. Expenditures of PUCTRA

Utility Class	Current Level 2018- 19 ¹	Fund Assessment ²	Estimated 2019-20 Change ³	Total Estimated Expenditures 2019-20
Passenger Vehicle Operators	\$8,889,000	\$311,000	\$1,117,000	\$10,317,000
Vessel Operators	278,000	10,000	3,000	291,000
Pipeline Corporations	113,000	2,000	-	115,000
Railroad Corporations	8,891,000	417,000	1,403,000	10,711,000
Total	\$18,171,000	\$740,000	\$2,523,000	\$21,434,000

¹ From the 2018-19 Governor's Budget.

² From the 2018-19 Governor's Budget; allocated by workload data by utility class.

³ FY2019-20 begins July 1, 2019, the 2019 fees fund these expenditures for half of calendar year 2019.

Table 3: PUCTRA User Fees and Expenditures Projected for 2019-20 (No Fee Change)

Utility Class	Current User Fee Revenue (includes penalties)	Current Non-User Fee Revenue ⁴	Total Estimated Expenditures 2019-20	Revenues Less Expenditures
Passenger Vehicle Operators	\$15,200,000	\$1,090,000	\$10,317,000	\$5,973,000
Vessel Operators	267,000	8,000	291,000	(16,000)
Pipeline	106,000	-	115,000	(9,000)
Freight Rail	8,093,000	-	10,711,000	(2,618,000)
Total	\$23,666,000	\$1,098,000	\$21,434,000	\$3,330,000

Passenger Vehicle Operators

To ensure CPUC complies with Public Utilities Code Section 421(b) and, considering the level of revenues to expenditures and the PUCTRA fund reserve attributable to Passenger Vehicle Operators, the fee for Passenger Vehicle Operators shall be lowered to the minimum fee of \$25 annually or \$10 quarterly. Carriers are still required to report annual gross intrastate revenues and remit the minimum payment, pursuant to Public Utilities Code Section 423(b). The fee will be evaluated annually and modified as needed.

This reduction draws down the fund balance attributable to Passenger Vehicle Operators to a level consistent with CPUC budget policies. The rate change for Passenger Vehicle Operators has no impact on Passenger Vehicle Operator regulation activities.

Vessel Operators

The revenues for vessel operators closely match the expenditures, with only a small increase needed to cover this year's \$16,000 deficit in funding. This resolution raises rates slightly to account for the underfunded amount.

Freight Rail

Unlike the other utility classes of PUCTRA, freight rail user fees are set by amount for Class I railroad corporations, and by rate with a minimum fee for Class II and III railroad corporations. The total fee level of \$10,771,000 set for the railroad corporations reflects a \$2,597,000 increase from the \$8,174,000 level set for 2018.

⁴ Includes registration, renewal, and other miscellaneous fees.

Pipeline Corporations

The revenues for pipeline corporations match closely the expenditures, with only a small increase needed to cover this year's \$9,000 deficit in funding. This resolution raises rates slightly to account for underfunded amount.

Table 4: User Fee Comparison 2018 to 2019

Utility Class	2018 User Fees	2019 User Fees	Base	Difference	% Change	\$ Change
Passenger Carriers ⁵	0.0015 to 0.0025	0.00	x Revenue	0.0015 to 0.0025	-100.0%	\$(15,200,000)
Vessel ⁵	0.003	0.0033	x Revenue	0.0003	10.0%	16,000
Freight-Class I	\$7,847,000	\$10,283,000	Flat fee	\$2,436,000	31.0%	2,436,000
Freight-Class II & III	0.0027 or \$500 minimum	0.0027 or \$500 minimum	x Revenue	None	None	-
Pipeline	0.0003	0.00034	x Revenue	0.00004	13.3%	9,000
Total						\$(12,739,000)

COMMENTS ON DRAFT RESOLUTION

In accordance with Public Utilities Code Section 311(g), the Commission published this draft resolution on its website and sent copies to all regulated entities.

On January 28, 2019, comments were received from Union Pacific Railroad Company requesting more information on the increased expenditures and a hold for the Resolution. A meeting with Union Pacific was held on January 29, 2019 to address their concerns. The resolution will not be held, but will be submitted to the Commission for voting as planned.

⁵ User Fee rate shown is percentage of gross revenue and does not include \$10 quarterly or \$25 annual fee.

THEREFORE, IT IS ORDERED THAT:

Effective January 1, 2019, the current PUCTRA user fees provided for in Section 421 of the Public Utilities Code shall be revised as follows:

CLASS**FEE**

Passenger Vehicle Operators:	
Charter Party Carriers, including Transportation Network Companies, and Passenger Stage Corporations	0.0000 (0%) of gross revenue plus \$10 quarterly fee or \$25 annual fee.
Vessel Operators:	
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For the sole purpose of providing a more economical, simple and efficient method of collecting and accounting for fees required to be charged and collected in PUCTRA, passenger vehicle and vessel operators who engage the services of subcarriers as prime carriers are responsible for the payment of the fees on the gross earnings of subcarriers. Such services of subcarriers by these prime carriers shall be evidenced by a written document. Fee statements submitted by a prime carrier shall indicate the name and gross earnings of each subcarrier in sufficient detail to enable the CPUC to cross-reference earnings and determine appropriate fee amounts among the respective carriers. Similarly, a fee statement submitted by a subcarrier shall indicate its gross earnings associated with each prime carrier.

The penalty imposed in Public Utilities Code Section 405 for default of the payment of the fee provided for in Public Utilities Code Section 421 shall remain fixed at 25% of the amount of the fee.

I hereby certify that the Public Utilities Commission adopted this Resolution at the meeting on January 31, 2019.

/s/ ALICE STEBBINS

Alice Stebbins
Executive Director

MICHAEL PICKER

President

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

Commissioners

APPENDIX A**0461 Public Utilities Commission Transportation Reimbursement Account****Fund Condition Statement**

	2017-18	2018-19
BEGINNING BALANCE	\$19,609,000	\$41,218,000
Prior Year Adjustments	12,957,000	-
Adjusted Beginning Balance	\$32,566,000	\$41,218,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS		
Revenues:		
Quarterly Public Utilities Commission Fees	23,666,000	16,079,000
Public Utilities Commission-Penalties on Quarterly Fees	1,000	2,000
Other Regulatory Licenses and Permits	1,096,000	1,100,000
Income From Surplus Money Investments	271,000	316,000
Total Revenues, Transfers, and Other Adjustments	\$25,034,000	\$17,497,000
Total Resources	\$57,600,000	\$58,715,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS		
Expenditures:		
Public Utilities Commission State Operations	15,404,000	19,915,000
Statewide General Admin Expense (Pro Rata)	958,000	599,000
Supplemental Pension Payments	-	140,000
Financial Information System for CA	20,000	2,000
Total Expenditures and Expenditure Adjustments	\$16,382,000	\$20,656,000
FUND BALANCE	\$41,218,000	\$38,059,000

Appendix B

Distribution List of Transportation Carriers